Contents

Page

Executive Summary 7
Organization Chart 8

Gas Utilities Division

Gas Alberta Branch 10
Gas Distribution Branch 11
Business and Grants Section 12
Natural Gas Co-op Boundaries - Map 18
Gas Administration Section 12

Utilities, Communications and Planning Division

Communications Policy Branch 14
Rebates Branch 15
Rural Electric Branch 16

Municipal Utilities Division

Municipal Utilities Division 22

Administrative Services Division

Administration Services Division 24
Development and Training Branch 24
Financial Administration Branch 24
Personnel Administration Branch 24
Public Affairs Branch 25
Records Management Branch 25

Appendices

Appendix A, Rural Gas Program Statistics and Graphs 28
Appendix B, Rebates Statistics 31
Appendix C, Rural Electrification Revolving Fund, Statements I - V 32
Appendix D, Utilities and Telecommunications Statement of Expenditures 35

Alberta
UTILITIES AND
TELECOMMUNICATIONS

Office of the Minister

228 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-3016

Honourable G. Amerongen, Speaker
Legislative Assembly of Alberta
325 Legislature Building
Edmonton, Alberta
T5K 2B6

Sir:

It is my pleasure to submit the Annual Report of the Department of Utilities and Telecommunications for the year ended March 31, 1984.

Respectfully submitted,

Bob Bogle

Bob Bogle, Minister
Utilities and Telecommunications

Alberta
UTILITIES AND
TELECOMMUNICATIONS

Office of the Deputy Minister

7th Floor, Westcor Building, 12323 Stony Plain Road, Edmonton, Alberta, Canada T5N 3Y9 403/427-0140

The Honourable Bob Bogle
Minister of Utilities and
Telecommunications

Sir:

I have the honour to submit herewith a report covering the activities of the Department of Utilities and Telecommunications for the fiscal year ended March 31, 1984.

Respectfully submitted,

V. A. MacNichol
Deputy Minister

Executive Summary

Significant changes to the **Alberta Municipal Water Supply and Sewage Treatment Grant Program** were introduced in July 1983. The previous requirement for a qualifying contribution from the municipality was eliminated, and cost-sharing is now provided on a first-dollar sharing basis. This new concept, along with other changes to the program, has encouraged municipalities to examine the need, cost-effectiveness, and scope of their proposed works and, most importantly, has encouraged more decision making at the local government level.

A total of 62 municipal water and sewage projects were approved for funding during the fiscal year. The province also continued its involvement in the construction of the Edmonton Regional Sewage System.

The **Senior Citizens Home Heating Protection Program** and the **Primary Agricultural Producers Rebate Program**, which were both due to expire at the end of 1984, have been extended through 1985. This year, 80,194 senior citizens received direct payments in the amount of $100 to assist them with home heating costs. Over 5,000 agricultural producers received an average of $500 in rebates during the year.

In consultation with natural gas distributors and the Federation of Alberta Gas Co-ops Ltd., the form of application and procedures under the **Remote Area Heating Allowance Program** were updated. Greater emphasis was placed on the distributors' role in assessing eligibility on the basis of whether or not gas service is economically available to applicants. A number of special cases were heard by the RAHA Appeal Committee.

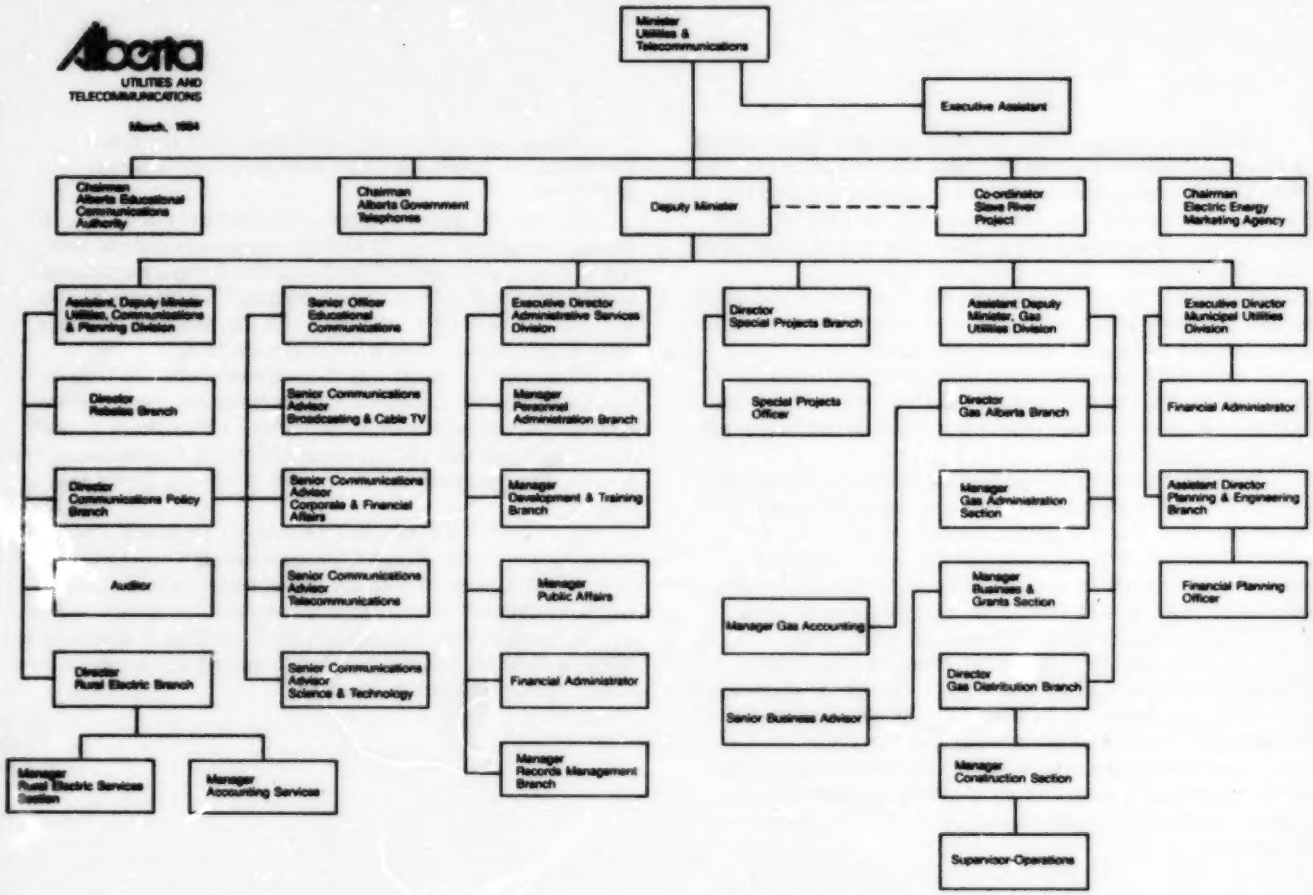
During this fiscal period 2,517 loans from the Rural Electrification Revolving Fund were processed totalling $6,737,788.

Through the positive efforts of the natural gas co-ops, the country-owned gas systems and the investor-owned gas utility companies, the progress of the **Rural Gas Program** continued toward the conclusion of its first decade. To date over 81,000 new services have been installed under this program, bringing natural gas service to about 244,800 Albertans.

Plans are well under way to co-sponsor with the University of Calgary, Communications Studies Program, a symposium entitled "Communications in the Eighties - The Major Issues". The symposium will address some of the major issues facing the provision of communications services in Alberta during this decade.

In early 1984 the Alberta Government approved a proposal by the **Alberta Educational Communications Corporation** (ACCESS) to proceed with the implementation of a satellite-based educational communications service. The service, which will be carried on the Canadian Anik-C satellite, is scheduled to begin in early 1985 and is designed to provide an increased level of educational services to Albertans.

ORGANIZATION CHART



Gas Alberta Branch

G. W. Brown Director

Gas Alberta, acting as a "gas broker" under the Rural Gas Act, is responsible for an economical and efficient supply of natural gas and related services to rural gas distributors throughout Alberta.

During 1983-84, Gas Alberta experienced an increase in both the volume of gas sold and number of delivery and gas sales points. The volume increase is slight and reflects an increase in the number of consumers rather than heating needs dictated by climate since the past winter was slightly milder than the previous one.

Delivery sales points increased primarily due to the establishment of 32 new sales taps for the Chinook-Triple W gas co-ops. PanCanadian Petroleum Limited was replaced by Canadian Western Natural Gas Company Limited (CWNG) as the major supplier on this system. With CWNG as the supplier, it was necessary to add new delivery sales points to ensure accurate custody transfer and gas accounting for the distributors.

Significant supply growth over earlier years in delivered gas and continued resourceful gas purchase planning allowed the branch to negotiate substantially improved supplies in an attempt to provide reasonable gas energy costs to distributors.

Gas Alberta is composed of three main sections as follows:

Gas Accounting Section

This section is responsible for accounting and financial control of all disbursements and receipts of the Gas Alberta Operating Fund. Through financial management and supervision of this fund, the section is able to perform the necessary economic analysis and associated evaluations required by the branch to establish and maintain adequate policy and pricing strategy for contract negotiation. In addition, monitoring of the fund facilitates preparation and analysis of financial statements and associated budgets for Gas Alberta. The fund is maintained by the Provincial Treasurer and is subject to an annual audit and report to the Legislature.

Over the past year, the section handled purchases and sales of 14.2 million gigajoules (GJ) (13.5 million MCF) of natural gas valued at $28.1 million (purchase cost), including operating and delivery costs. Under the Natural Gas Price Protection Plan and Natural Gas Price Administration Act, rebates totalling $5 million were received. Gas sales revenue amounted to $26.6 million. The combined inflow and outflow of all revenue and related expenditure produced a gross cash flow of $54.8 million, including billing service revenue.

Contracts and Billing Systems

This section is responsible for maintaining and administering contract documents relating to the purchase, sale and exchange of natural gas. It also handles billing agreements for retail billing services provided to rural gas distributors as well as word processing and electronic data processing system administration.

Over the past year, seven new retail billing agreements and a gas purchase contract with a new supplier were negotiated.

This section is also responsible for controlling the development and design of systems for Gas Alberta's retail billing service and assisting in the development, design and implementation of billing systems for those natural gas distributors not utilizing Gas Alberta's retail billing service. Significant changes to Gas Alberta's retail billing system were made to further assist and meet the changing needs of the distributors in the processing of data and control of customer accounts.

Program evaluation interviews with a number of distributors were conducted to identify their continuing needs in the billing system. As a result, Gas Alberta is currently planning and formulating further significant system changes for the 1984-85 fiscal year to meet those needs.

Another facet of system control includes the optimal use of word processing facilities and integration of the word processor/electronic data processing capabilities with the main frame computer used for the billing system. In conjunction with Gas Alberta's move to new offices, word processing hardware was altered from one system to another system. This change necessitated a complete retraining of word processing staff as well as conversion of system records.

Gas Alberta developed and implemented "special billing" during the 1982-83 year as a new concept to allow distributors to maintain more control over customer accounts, improve cash flow and increase contact with customers. During that year, eight distributors took advantage of this new concept in billing. By the end of 1983-84 fiscal year, 17 distributors had taken advantage of the service and more were requesting this special billing arrangement.

The new, special billing arrangement has enabled Gas Alberta to increase the total number of distributors utilizing its billing service by seven (6000 customers) without a corresponding increase in department staff. The retail billing service has continued to adapt to meet the changing needs of the rural gas distributors who have elected to take advantage of this optional service.

Gas Purchase, Planning and Audit Section

This section is responsible for wholesale measurement accuracy including regular checks on meter readings, gas volume calculations and meter station inspections. Along with this function, the section is responsible for wholesale gas volume corrections and adjustments. In 1983-84, 42 gas measurement adjustments were completed, totalling 192,819 gigajoules (GJ) with a value of $357,094 at wholesale price. The section also increased the number of meter stations inspected on a regular basis from 524 in 1982-83 to 695 in 1983-84.

The audit group completed 25 detailed and comprehensive

A Comparison of Gas Alberta's Activities Over the Last Eight Years Indicates Continuing Expansion in the Rural Gas Program

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Distributors	68	72	76	81	82	86	87	86
Delivery or Sales Points	495	557	598	630	660	668	598	643
Gas Suppliers	34	34	36	31	33	34	30	33
Gas Volume Sold (Million GJ)	5.2	8.6	10.3	11.1	11.0	14.2	13.8	14.2
Distributors on Retail Billing	31	36	39	40	41	43	48	52
Retail Customers Serviced by Billing Service	11,774	13,913	15,116	17,116	19,558	23,651	27,329	33,300

audits. Rural distributors requested these audits to determine their eligibility for gas loss grants. Twelve audits were approved, results in grants totalling $393,146.

Full financial and systems audits on all pipeline operating costs to Gas Alberta were initiated or completed.

In addition to regular duties, the section completed the following programs during the year:

Agreements with gas utility companies to inspect all wholesale taps they operate for the Rural Gas Program.

Together with the Gas Accounting Section, implemented a common metric base pressure in wholesale gas measurement for the Rural Gas Program.

Gas Distribution Branch

G.N. Campbell Director

The Gas Distribution Branch provides a variety of support services to the Rural Gas Program. These services involve technical, advisory, regulatory and administrative functions in the areas of construction design and project management review/approval, operations and maintenance of rural gas distribution systems, rural gas utility franchises, specification and approval of construction grants, budgetary control of the rural gas grant budget, and the maintenance of updated plant location records for distributors. Support services also extend to direct participation and management of a materials quality assurance program, a gas supply infrastructure of transmission pipelines and sales stations, and a mobile emergency propane/air fuel supply unit.

During the 1983-84 fiscal year, the branch was involved in a number of projects aimed at further improving the quality and effectiveness of operating gas utilities in rural Alberta. These projects included:

- Identifying inadequate operations and maintenance practices in rural gas co-operative and county gas systems, and addressing these inadequacies through advice, training and workshop presentations. This is an ongoing program aimed at ensuring that gas distribution systems are operated and maintained in a safe and effective manner.
- Identifying and implementing necessary improvements to the gas supply systems for rural gas co-operative and county gas utilities. This program resulted in the upgrading or replacement of a number of sales stations to ensure accurate measurement and/or security of supply. In addition, the branch assumed responsibility for a number of high-pressure transmission systems to ensure adequate safety levels and a continuity in supply.
- Active participation in the Canadian Standards Association Task Force for the B137.4 standard for polyethylene gas pipe. The branch spearheaded a complete revision to the standard based on the department's quality assurance program. This will result in the national standard for polyethylene gas pipe adopting the Alberta specifications.
- Commencing the final phase of a comprehensive testing program for polyethylene gas pipe which is currently in use. The testing program is intended to provide a realistic estimate of the life expectancy of about 70,000 kilometres of polyethylene pipe installed under the Rural Gas Program.
- Designing and negotiating a revised capital cost formula for the major investor-owned utility companies which participate in the Rural Gas Program. The new formula has resulted in increased efficiency for construction projects and reduced capital costs.
- Full implementation and operation of the new automated drafting system which the branch is now using to maintain gas distributors' as-built drawings and to generate graphic records of rural gas distribution systems for reference by industry and the general public.
- Co-ordinating legislative amendments to streamline and consolidate the regulatory process for obtaining permits and approvals to construct and operate rural gas distribution systems.

Business And Grants Section

D.H. Warner Manager

The business analysts provide a financial and business management resource service to distributors and assistance in applying for grants. An annual audit of distributors' incurred construction costs is required, and a set of specific guidelines and procedures has been set up to ensure policy compliance in grant payments.

In addition, the grant administration and statistics group of this section maintains an ongoing compilation of statistics of costs, installations and grants issued. Reports containing this information are prepared both for publication and administrative use by department management.

The business analysts continue to stress to their clients the importance of preparing and following sound financial planning policies. The use of budgeting and improved recordkeeping by distributors, both during construction and in the operational phases of their utilities, can help their cash positions. Most of the contact work during the past year was either by visiting and consulting with utility managers and/or attending board meetings. Special emphasis was placed on working closely with those distributors and their auditors where either a present or future financial problem was perceived. Since original financing of construction costs has been paid off or greatly reduced, the business analysts started encouraging their clients to establish reserve funds for replacement or improvement of their systems. Response has been favourable and a substantial number of gas co-ops have formally established this type of fund.

Due to increases in the cost of energy and escalating construction and operating costs, regular reviews of customer rates and their adequacy were continued. Where rates were considered to be inadequate, the distributor was consulted and recommendations made on alternatives for action.

All regular grants under the Rural Gas Program are calculated on the concept of whole-system cost averaging. During the 1983-84 fiscal year, a total of $26,995,262.29 in grants to distributors was processed. Figures and graphs setting out some of the more significant statistics of the Rural Gas Program are included in Appendix A, both for the past year and accumulative from the start of the program. These statistics indicate the program has now evolved to the point where original construction of systems is decreasing, and the ongoing operation and maintenance of existing systems is assuming a larger and more important share of attention by both the distributors and the department.

The map on the center page displays the number of services built as a percentage of the estimated potential in the franchised areas of the province. This map indicates that a large majority of Alberta's rural residents have already been served with natural gas. In most areas, service can be made available to the remaining potentials if they want it.

Gas Administration Section

A.A. Stanford Manager

Loans authorized under provisions of the Co-operative Marketing Associations and Rural Utilities Guarantee Act to natural gas co-operatives, during the 1983-84 fiscal year, amounted to $454,935, all of which was supported by lien notes. The total of outstanding guaranteed loans as of March 31, 1984 was $5,958,130. Loans supported by lien notes stood at $5,952,046, a decrease of $2,655,679 from the previous year. Gas rate borrowings totalled $6,084, down $88,545.

The Agricultural Development Corporation authorized loans to four gas co-ops for a total of $310,590. The total outstanding loans as of March 31, 1984 amounted to $3,706,509, a decrease of $1,163,752 from the previous year. These direct loans to gas co-ops at a preferred interest rate of 12 per cent were discontinued September 1, 1983.

During the year, 7,350 utility rights-of-way, easements and consent-of-occupant forms were prepared for member-owned gas co-ops and counties. Seven franchise audits for utility rights-of-way and fifty-one infill audits were completed.

Fourteen audits of lenders with outstanding government guaranteed loans to co-op members were also conducted.

Forty Mile and Bowell gas co-ops were amalgamated, retaining the name of Forty Mile Gas Co-op Ltd. Sturgeon Gas Co-op had its name struck from Corporate Registry. The distribution system is owned and operated by a utility company and it had no outstanding government-guaranteed loans.

There are now 92 natural gas co-operatives in Alberta, of which 75 own and operate their own distribution systems.

Communications Policy Branch

K. Murricane Director

The Communications Policy Branch is responsible for providing research, advice and coordination in the ongoing development and administration of Alberta's communication policy to the Minister. The emphasis of this policy to ensure the optimum development of the communications industry in Alberta.

The activities of the branch are divided into five areas -- broadcasting and cable television, corporate and financial analysis, educational communications, research and economic analysis, and telecommunications. In addition to the ongoing operational activities in these areas, a number of issues warrant specific mention in this reporting year.

In the telecommunications area, the branch continued to provide ongoing analyses on the effect of policy and regulatory initiatives on the provision of telecommunications services and the industry structure in Alberta. As part of this work, the branch is participating with the federal government and six other provincial governments in a joint study on the impact of competition in the provision of long-distance telephone services and the effect on local telephone rates.

Specific attention was also given to issues such as the introduction of cellular mobile radio services in Alberta, attachment of terminal devices to the telephone network, systems interconnection between the telephone companies and other carriers, and the operating relationships between telecommunications carriers in Alberta.

A significant event during the year was the completion of the Alberta Government Telephones/'Edmonton telephones' Joint Study Committee Report and Recommendations (Milvain Report) by a five-member committee chaired by former Chief Justice Milvain. This committee was established by the Government of Alberta and the City of Edmonton to report and make recommendations on the issue of toll-revenue sharing and related issues of concern to the two telephone companies.

The branch continued to work with other government departments and agencies and the industry in efforts to improve public access to cable and broadcasting services in Alberta. As a result of the cooperative efforts of the Alberta cable industry during the year, residents of senior citizens' housing projects in Calgary now have access to an improved level of cable television service. In the area of rural broadcasting services, the branch funded a study conducted on behalf of the villages of Empress and Acadia Valley.

In the latter part of the year, the Alberta Government approved a proposal by the Alberta Educational Communications Corporation (ACCESS) to proceed with the implementation of a satellite-based educational communications service. The service, which will be carried on the Canadian Anik-C satellite, is scheduled to begin in early 1985 and is designed to provide an increased level of educational services to all Albertans.

During the reporting period the branch worked with AGT and education officials on projects dealing with the utilization of new educational communications technologies. Particular emphasis was placed on the network provisioning of cost-effective distance education services.

To assist in the use of communications technology for educational purposes, the Communications Policy Branch administers a one-time grant program designed to support the establishment of educational consortia throughout the province. These consortia provide opportunities for local educational institutions to use cable television for the distribution of educational programming.

A major accomplishment during this reporting year was the design and establishment of a departmental data base within the corporate and financial analysis area. This data base is housed within the Alberta Bureau of Statistics, ASIST data base, and provides on-line access to departmental, provincial and CANSIM information. As a result of this system, the research and computing capacity of both the branch and the department have been significantly increased.

Representatives of the branch participated in a number of joint government-industry working groups established to promote the utilization and commercialization of Canadian telecommunications technology. These included the Mobile Satellite Program (MSAT), the Canadian Standards Association (CSA) Steering Committee on Telecommunications and the Inter-Provincial Association for Telematics and Telidon.

During the reporting year, work proceeded on the second phase of the MSAT program, which is the final stage prior to submitting the project to the federal Cabinet for approval and funding. If approved, it will result in the construction and launch of a satellite designed to provide mobile communications services throughout Canada before the end of this decade.

The CSA Steering Committee on Telecommunications was established in 1983 to oversee the development of national technical standards for the manufacture of communications equipment in Canada. Work was in progress throughout the year, and the first set of preliminary standards dealing with telephone sets is expected to be published later in 1984.

The branch continued its work with the Inter-Provincial Association of Telidon and Telematics (IPATT), which is an organization designed to promote and advise on the use of Telidon and related technologies for educational use. As a member of the Alberta regional IPATT committee, the branch is involved in the production of the Alberta IPATT newsletter entitled Telematics. The newsletter, which provides information on the educational uses of videotex and related computer/communications technologies, is distributed to about 400 educators and other interested professionals.

The branch was also represented on interdepartmental committees which dealt with communications services for the disabled, intellectual properties, and research and development.

Plans are well under way to co-sponsor with the University

of Calgary, Communications Studies Program, a symposium entitled "Communications in the Eighties - The Major Issues." The symposium will address some of the major issues facing the provision of communications services in Alberta during this decade.

Rebates Branch

G.M. Breckenridge Director

Since 1974, the provincial government has remained committed to sheltering Albertans from rising energy costs. The Rebates Branch operates four major rebate programs to ensure that Albertans have the lowest heating costs in Canada. Legislative authority for the programs is contained in the Natural Gas Rebates Act and the Department of Utilities and Telecommunications Act. An appeal process is available to applicants under each of the programs.

Natural Gas Price Protection Plan

During the past decade, the Natural Gas Price Protection Plan has ensured that all residential, commercial and industrial consumers in the province pay the lowest gas prices in Canada for Alberta natural gas. The present plan expires on March 31, 1985.

This year, over $106 million was paid in rebates compared with $104 million 1982-83. The increase is due to higher rebates paid as a result of increases in the Alberta Border Price. The increased customer base experienced by natural gas distributors was largely offset by a sales volume decline due to energy conservation measures adopted by consumers.

On June 30, 1983, Alberta and the federal government entered into an amending energy agreement providing for gas price increases during 1984. The increases are to be the lesser of 65 per cent of the Toronto refinery acquisition cost of oil or 23.3¢/GJ (per gigajoule) (25¢/MCF). Included in the agreement was a 15.6¢/GJ increase August 1, 1983, and a provision that after 1984, price increases would revert to the semi-annual increments provided for in the September 1, 1981 federal-provincial energy agreement. On February 1, 1984, the Alberta Border Price for gas increased by 15.6¢/GJ to $2.79/GJ.

The Federal Excise Tax was reduced by 18¢/GJ on February 1, 1983; by a further 30¢/GJ on August 1, 1983; and down to zero on February 1, 1984. The Canadian Ownership Special Charge of 14¢/GJ remained unchanged.

Many gas producers, faced with decreased sales resulting from declines in exports, reduced prices in an effort to generate revenue. Utilities were able to obtain some of this gas at lower-than-regulated field prices, passing savings on to consumers and, as a result, reduce expenditures under the rebate plan.

To ensure the rebate benefit is passed on to consumers, the Alberta Public Utilities Board (the utility regulatory authority) examines and certifies that customer rates charged by utility companies receiving the rebate are just and reasonable. In addition, branch auditors examine the records of all rebate applicants, including major utility companies, to ensure compliance with the Natural Gas Rebates Act and Regulations.

For more information on unit rebates, average benefits and total rebates per year, please refer to Appendix B.

Remote Area Heating Allowance

The Remote Area Heating Allowance Program provides a direct rebate of up to 35 per cent of the price paid for heating oil and propane by residential, farm, community and small business consumers who must use these fuels because natural gas is not available at reasonable cost. Agricultural uses such as grain drying and irrigation pumping are also included in the program.

Over 18,000 Albertans have received rebate benefits from the program since its beginning on October 1, 1980. About 8,000 Albertans were receiving rebates on a continuing basis as of March 1984. During the 1983-84 fiscal year, over 10,000 applications were processed for a total expenditure of $2,623,000, resulting in an average rebate of $251.

Following meetings with natural gas distributors and the Federation of Alberta Gas Co-ops in late 1983, a new application form was designed and utilized to provide distributors and applicants with clear guidelines to determine eligibility under the program. For example, senior citizens and renters are now eligible for the rebate whether or not natural gas service is available to them. Along with introduction of the new form, natural gas distributors continued to scrutinize rebate applicants within their franchise area to ensure eligibility guidelines were being fulfilled.

Information received by the branch indicates that the Remote Area Heating Allowance Program continues to be a welcome price shield for Albertans who must use the higher-cost propane and heating oil fuels because natural gas service is not available.

Primary Agricultural Producers Rebate Program

The Primary Agricultural Producers Rebate Program provides a direct rebate of natural gas costs to consumers engaged in primary agricultural production. A rebate of 50¢/GJ (per gigajoule) or 52.7¢/MCF (per thousand cubic feet) on consumption of natural gas over 300 GJ (285 MCF) to a maximum of 10,000 GJ (9,500 MCF) is available for each calendar year. Applicants may receive up to $4,850 per year. This rebate is in addition to the rebate already being received by all Albertans under the Natural Gas Price Protection Plan.

The program is retroactive to January 1, 1982 and has been extended to December 31, 1985. The rebate may be applied for at any time during the year.

Eligible primary agricultural production includes specialized uses such as livestock and poultry operations, greenhouses (including ornamental), irrigation, grain drying, sod and peat moss farms. Earlier in the fiscal year, the government announced that operators of alfalfa dehydrating plants are also eligible to participate in the program. Renters are eligible for the rebate if natural gas costs are their responsibility.

Since the program was implemented in 1983, the number of eligible applicants has increased steadily. During the 1983-84 fiscal year, 4,720 applications were processed totalling $2,005,189, resulting in an average rebate payment of $425.

Senior Citizens Home Heating Protection Program

The Senior Citizens Home Heating Protection Program provides a direct rebate of $100 per year to senior citizen homeowners to assist them with their home-heating costs, regardless of the type of fuel used. The program is retroactive to January 1, 1982 and has been extended to December 31, 1985.

Under the program, the majority of eligible senior citizens are not required to complete an application form in order to receive the rebate benefit. Eligibility is automatically established for those individuals who have applied for and received the Alberta Property Tax Reduction Benefit. In the few cases where seniors' names do not appear on the Alberta Property Tax Reduction Benefit list, for one reason or another, a short application form is available to establish eligibility.

Eligible under the program are:

- Widows and widowers 55 years of age or over, who qualify for a pension under the Widows' Pension Act.
- Persons 60 years of age or over, whose deceased spouse was at least 65 years of age at the time of death.

During the 1983-84 fiscal year, 77,236 senior citizens each received a $100 rebate cheque for the 1983 calendar year, compared with 76,030 seniors for the 1982 calendar year. The estimated remaining rebate payments for 1982 and 1983 are included in the total expenditure amount of $16 million shown in Appendix B.

The Senior Citizens Home Heating Protection Program is appreciated by senior citizens and is a welcome shield against the rising costs of home heating, as indicated by the numerous calls and letters the branch receives.

Rural Electric Branch

J. Mann Director

The Rural Electric Branch provides financial assistance and technical supervision for all electric utility services built for rural electrification associations (REAs) and in isolated communities under the Land Tenure Program. The branch maintains computerized accounting records for all loans issued from the Rural Electrification Revolving Fund.

The branch director fulfills the statutory duties of the Director of Co-operative Activities as provided by the Co-operative Associations Act for REAs.

Financial assistance is provided to REAs or individuals under provisions of the following acts and regulations, where applicable:

Rural Electrification Revolving Fund Act.

Rural Electrification Long Term Financing Act

Co-operative Marketing Associations and Rural Utilities Guarantee Act

Department of Utilities and Telecommunications Act

Grants to offset the cost of purchasing a generating unit are also available under the program. Individuals who maintain a permanent residence in a remote area, where it is not feasible to provide power from the provincial grid, are eligible for this grant.

The Rural Electrification Revolving Fund

During the 1983-84 fiscal year, 2,517 loans were processed, resulting in $6,737,788 in funds being released to REAs to finance the construction of original facilities. Of this amount, $3,923,980 is repayable by the members and bears interest at 3½ per cent. These loans are secured by lien notes on the member's property. The balance of $2,813,808 represents 1,233 interest-free loans made under Part II of the Rural Electrification Revolving Fund Act. These loans are to be repaid by the association if and when additional use is made of the facilities constructed with these funds. These loans are secured by a first charge upon the works of the association in favour of the Provincial Treasurer.

The statutory limit of the Rural Electrification Revolving Fund is at present $55 million. Of this amount, the Provincial Treasurer has advanced $46,526,813 to the fund. These funds have been used in the following manner:

Interest-bearing loans	
10-year repayment schedule	$6,027,517
25-year repayment schedule	21,161,010
Interest-free loans	
Part II loans (no fixed repayment schedule)	18,145,672
Total of all outstanding loans	45,334,199
Cash in bank	1,192,614
	$46,526,813

Repayments on outstanding loans amounted to $5,466,463 of which $4,542,832 was credited back to the Rural Electrification Revolving Fund as repaid principal, and $923,631 in earned interest was deposited to the General Revenue Fund of the province.

Ten delinquent accounts were transferred to Crown Debt Collections. The principal of these loans amounted to $13,328 and the accrued interest totals $1,479.

Thirteen accounts were written off during the year. The principal written off was $10,148 and accrued interest totalled $3,087.

The unaudited financial reports and summaries of the Rural Electrification Revolving Fund are contained in Appendix C.

Grants Issued to REAs

Grants Based on 40 Percent of Part II Loans

Since April 1, 1979, grants based on 40 per cent of the outstanding amount of Part II loans (interest-free), issued to REAs on behalf of individual members, total $6,336,428. Of this amount, $701,028 was funded during the fiscal year.

At the end of the fiscal year, $5,060,321 remained in effect. The difference of $1,276,107 has been recovered from REAs as a result of either the Part II loan balance being reduced or the REA being sold. In total, 337 REAs have benefited from this program.

Other Grants

Generating Unit Grants

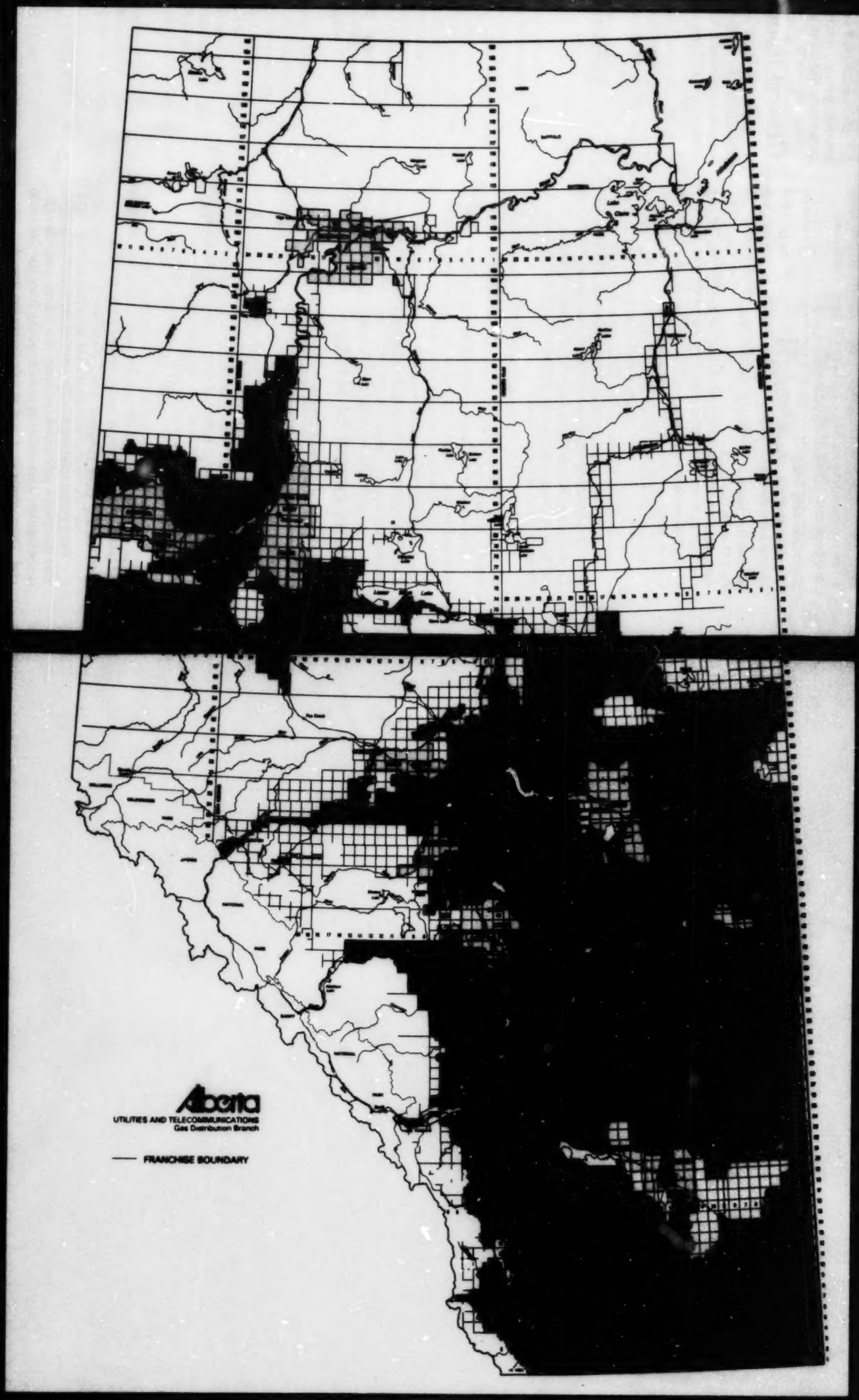
Four grants totalling $14,396 were issued to individuals who maintain a permanent residence in a remote area where it is not feasible/economical to provide power from the provincial grid. These grants were used to help defray the cost of purchasing generating units.

Land Tenure Program

During the 1983-84 fiscal year, $131,437 was paid out in grants to provide electrical service to residents within land tenure subdivisions in isolated communities.

General Information About REAs

During the fiscal year, REAs consumed 822,556,843 kW.h (kilowatt hours) of energy worth $41,761,956. Forty-four REAs were also purchased, leaving 238 active REAs as of March 31, 1984, with 58,425 services.



0 - 60 61 - 80 81 - 100

Municipal Utilities Division

D. Shillabeer Executive Director

The Department of Utilities and Telecommunications assumed responsibility for all financial assistance programs for municipal water and sewage facilities in February 1983. Four programs were consolidated under the newly created Municipal Utilities Division. The four programs are:

1. **The Alberta Municipal Water Supply and Sewage Treatment Grant Program** provides assistance for the construction of water supply or sewage treatment works in individual municipalities.
2. **The Regional Water and Sewage Program** where the province provides the lead in the construction of facilities that will serve a group of municipalities.
3. **The Phosphorus Removal Grant Program** provides assistance in covering the additional costs of installing phosphorus removal facilities in Calgary.
4. **The Northern Supplementary Fund** provides special assistance for small northern isolated communities to ease the burden of the high per capita cost of installing water and sewage facilities.

Under the Alberta Municipal Water Supply and Sewage Treatment Grant Program, municipalities may apply to the department for financial assistance to help cover the cost of constructing eligible water and sewage projects. Applications are evaluated and given priority, and financial assistance is provided towards the selected projects.

Significant program changes were introduced in July 1983, with the provision of first-dollar cost sharing. Cost sharing is now provided on a 75/25 provincial/municipal basis for the first 600 population and on a 50/50 basis for the population over 600. The increased upper limit for populations of under 600 has also been retained. The introduction of first-dollar cost sharing encouraged municipalities to examine the need, cost effectiveness, feasibility of staging construction and possibility of reducing the scope of the projects.

The standard agreements for providing financial assistance were modified to allow more flexibility in the timing and delivery of grant payments. This change was well received by the municipalities and has reduced the paperwork and previous problems associated with managing the cash flow from the program.

Even with a reduced budget in 1983-84, the Alberta Municipal Water Supply and Sewage Treatment Grant Program financed the start of 62 new projects in 58 municipalities. Grants totalling $69.8 million were directed towards these new projects as well as to commitments that had been initiated in previous years.

Under the Regional Water and Sewage Program, the province undertook construction and provided grant assistance towards water and sewage facilities servicing groups of municipalities.

The remaining approved components of the Edmonton area, Airdrie, and Cold Lake-Grand Centre regional water systems were completed and put into operation. The most significant of these systems was the Vegreville Corridor water facilities in which the province managed the construction of an 88-kilometre pipeline.

The concept of forming water commissions in the Edmonton area was reviewed in detail, and an interdepartmental task force was established to meet with municipal officials to obtain their input.

The construction of the Edmonton Regional Sewage System continued in 1983-84. The department has been managing these projects from engineering through to construction and start-up on behalf of the municipalities to be served by the facilities. At present, the approved system consists of two major trunk sewers, one sewage lift station and associated forcemain, and a centrally located mechanical sewage treatment plant.

A total of $46.3 million was spent under the Regional Water and Sewage Project in 1983-84. Of this, some $37.7 million was for construction and related activities while the balance of $8.6 million was in the form of grants to municipalities.

Under the Phosphorus Removal Grant Program, the City of Calgary received $4 million to assist in the construction of phosphorus removal facilities.

Grants totalling $5.36 million were distributed from the Northern Supplementary Fund to provide special assistance to 12 northern communities for the construction of water and sewage facilities.

The programs are administered by a group of technical and financial staff who identify, evaluate and give priority to the projects and administer the funding programs. The division was expanded during the year by the transfer of staff responsible for the management of the regional construction program. The staff work closely with municipal officials and consulting engineers in planning and implementing eligible projects.

Administrative Services Division

E. Tywoniuk Executive Director

The Administrative Services Division consists of five branches. The branches are made up of records management, public affairs, personnel administration, financial administration and development and training.

Most of the services provided by the division are interdepartmental with the exception of the Development and Training Branch. The branch extends training for nongovernment personnel to upgrade the quality of technical and management expertise in the Rural Gas Program.

The Public Affairs Branch is responsible to the Alberta Public Affairs Bureau.

Development and Training Branch

F.D. Rumsey Manager

A review of the Utilityman's Development Program indicated major changes were due. The 23-course program was increased to 26 and divided into two parts.

The 15 courses of Part 1 were offered in four locations, between the areas of Peace River and Brooks. A total of 302 personnel from 24 rural gas distributors and five private companies attended, about 33 per cent more than the previous year. The 11 courses of Part 2 were not offered during the fiscal year.

Agreement was reached in early 1984 for the transfer of Part 1 courses under the program to the Metal Departments of both SAIT (Southern Alberta Institute of Technology) and NAIT (Northern Alberta Institute of Technology) effective January 1985.

These courses will now be conducted by the two institutions as part of the Gas and Pipefitter Apprenticeship Programs.

The Rural Natural Gas Safety Program, initiated in rural schools in 1982-83, was continued with 10 gas co-op employees and utilities officers attending the one-day tutorial and instructional course and making presentations to 54 school classes.

An orientation course for gas co-op directors was implemented in July of 1983. A total of eight sessions were conducted in Red Deer, Grimshaw, Coronado, Onoway, Castor, Crossfield, Brooks and Taber. An average of 36 directors attended each session.

The branch also assisted the Association of Alberta Utilities Officers in conducting a two-day rural utilities safety seminar/workshop in Red Deer.

Work continued on planning and developing a series of seminars/workshops for gas co-op managers; reviewing utilities officers training courses, and scheduling of Part 2, Utilityman's Development Program.

In addition, 105 internal training courses, attended by 99 staff, were arranged through central personnel, local educational institutions and department resources.

Financial Administration Branch

(Ms.) S. Tan Financial Administrator

The Financial Administration Branch is responsible for planning, co-ordinating and implementing the department budget, processing program-budgeted expenditures and consulting with department personnel on budget and related financial matters.

Monthly expenditure reports were provided to management for budget control, and advice was given on updated procedures for financial transactions as received from the Office of the Controller.

In addition, the branch continued to develop and maintain an inventory system and process payables for the department.

The department budget, accounts payables and inventory systems are now all stored in a word processor.

The branch processes about 20,000 payables annually and maintains records of over a million dollars of the department's inventoried assets.

Personnel Administration Branch

D. Tymchuk Manager

The Personnel Administration Branch administers, co-ordinates and provides consultation and advice on personnel management matters to the department in the areas of organization development and human resource planning, classification, recruitment and selection, employee relations, collective bargaining, wage and salary administration, staff career development, occupational health and safety, and employee records.

At the end of the 1983-84 fiscal year, there were 180 permanent full-time positions and 16 project positions. During the year, the branch processed 23 permanent and project staffing actions and 36 classification actions.

Public Affairs Branch

(Ms.) M. Tortosa Manager

The Public Affairs Branch provided editorial, advertising, media and public relations services to the department. In addition to administrative work connected with print, graphic and photographic assignments, these services included:

- Preparing and distributing department news releases across Alberta.
- Editing and co-ordinating the department's annual report and the Alberta Electric Energy Marketing Agency annual report.
- Co-ordinating departmental displays.
- Attending annual meetings of the Alberta Union of Rural Electrification Associations and the Federation of Alberta Gas Co-ops Ltd.
- Co-ordinating the editorial committee, writing, editing and producing the **Rural Utilities Newsletter**, a quarterly publication distributed to rural gas co-ops, REAs, municipalities, and other interested organizations and individuals.
- Co-ordinating the editorial committee, editing and producing the **U & T Reporter**, a bimonthly employee newsletter.

Records Management Branch

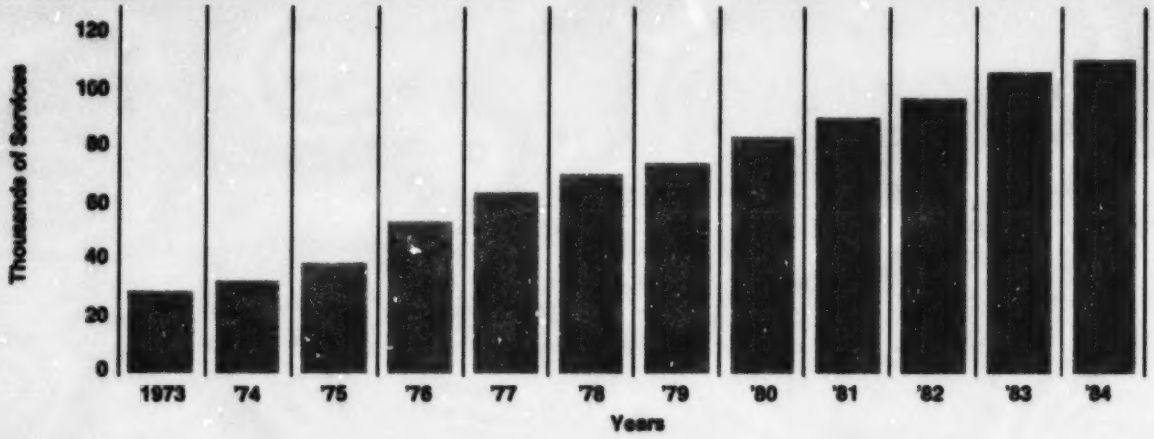
D. Merrell Manager

The Records Management Branch is responsible for a planned system for classifying documents, the care and custody of documents within a protective cover, the controlled circulation and use of documents to meet administrative needs, and the final disposition of the documents for destruction or preservation, depending on their value.

The branch is also responsible for the procurement of all administrative materials or services and supplies for the department, the Alberta Electric Energy Marketing Agency (EEMA) and the Slave River Hydro Project Pre-Investment Phase.

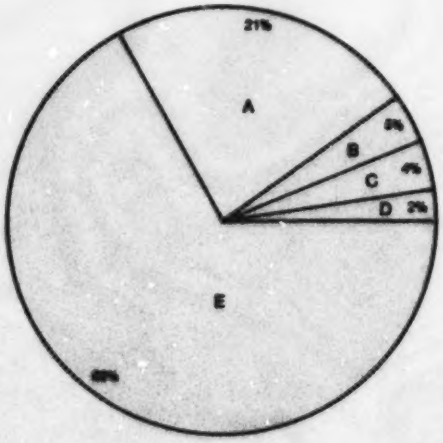
A records system for EEMA's Edmonton and Calgary offices and the Slave River Hydro Project Pre-investment Phase was initiated in 1983-84. The Branch also participated in a government-wide automated records management system study. Rural Electric Branch loan files were converted to microfiche during the year to allow for more working space and shorter client response time.

Number Of Rural Natural Gas Services Cumulative Up To March 31, 1984

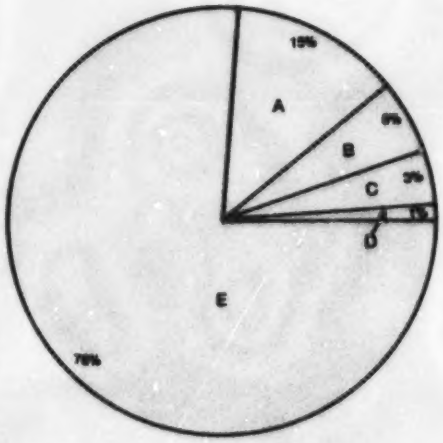


Percentage Of Rural Natural Gas Services By Type For 1983/84 Fiscal Year And Cumulative To March 31, 1984

Fiscal Year 1983/84



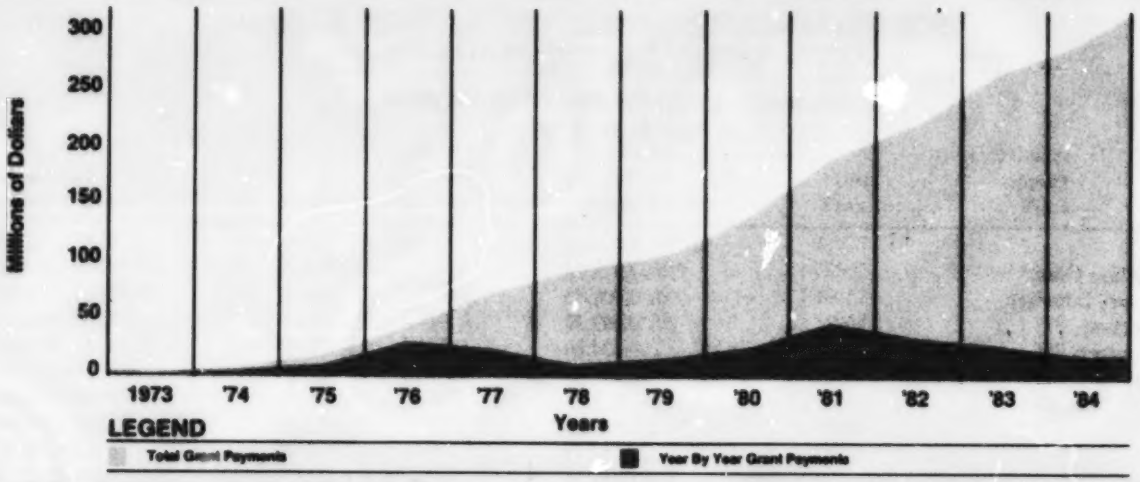
Cumulative to March 31/84



LEGEND

A — Urbans B — Non-grantables C — Irrigations D — Grain Dryers E — Rurals

Total And Year By Year Grant Payments Issued Under The Rural Gas Program To March 31, 1984



Percentage of Grants Issued Under The Rural Gas Program By Type For 1983/84 Fiscal Year And Cumulative To March 31, 1984

Fiscal Year 1983/84

Cumulative to March 31/84

LEGEND

A — Gas Transportation Grant B — Regulator/Meter/Odorizer C — PE 3306 Replacement Pipe D — Other Special E — Utilities Officer F — Regular

APPENDIX A

Rural Gas Program Statistics

Grants Issued Under the Rural Gas Program to March 31, 1984

	Total to March 31, 1983	1983-84	Total as at March 31, 1984
Regular	$142,925,440.64	$17,593,342.91	$160,518,783.55
Gas Transportation Grant	71,612,378.08	2,970,794.61	74,583,172.69
Regulator/Meter/Odorizer	9,620,008.43	936,167.08	10,556,175.51
Cathodic Protection	2,520,599.39	103,219.75	2,623,819.14
Operating Equipment	120,334.80	8,395.40	128,730.20
Leak Detection	98,197.06	—	98,197.06
Replacement PE 3306 Pipe	21,081,872.24	4,720,869.95	25,802,742.19
Other Special	9,772,869.81	662,472.59	10,435,342.40
Propane	38,780.12	47,000.63	85,780.75
Utilities Officers	5,795,831.24	1,374,727.05	7,160,558.29
	$263,576,311.81	$28,416,989.97	$291,993,301.78

Natural Gas Services Built by Rural Gas Distributors

	Total to March 31, 1983		Services Built 1983-84	Total to March 31, 1984	
	Pre-Act	Post-Act		Pre-Act	Post-Act
Rural	19,332	59,466	2,586	19,332	62,052
Urban	4,159	11,013	805	4,159	11,818
Grain Dryer	9	665	53	9	718
Nongrantable	1,091	3,703	203	1,091	3,906
Irrigation	1,810	2,517	133	1,810	2,650
	26,401	77,364	3,780	26,401	81,144

* Kilometers of Pipelines Installed in Rural Natural Gas Distributor Systems

	Total to March 31, 1983	Built 1983-84	Total as at March 31, 1984
Polyethylene	68,955.41	1,973.00	70,928.41
Aluminum	4,564.81	111.80	4,676.61
Steel	1,982.88	.61	1,983.49
	75,503.10	2,085.41	77,588.51

* Post-act system installation only. No figures available for pre-act system.

APPENDIX B

Rebates Branch

Unit Rebate Allowances - Alberta

Period		Alberta Border Price	Alberta Cost of Service	Field Price	Provincial Support Price	Unit Rebate Allowance
				$/GJ		
Sept.	1981	1.70162	0.215	1.48662	1.154	0.33262
Oct.-Jan.	1982	1.70162	0.175	1.48662	1.106	0.38062
Feb.-July	1982	1.93463	0.215	1.71963	1.258	0.46163
Aug.-Jan.	1983	2.16764	0.27	1.89764	1.409	0.48864
Feb.-July	1983	2.40065	0.27	2.13065	1.56	0.57065
Aug.-Jan.	1984	2.63366	0.33	2.30366	1.712	0.59166
Feb.-July	1984	2.79001	0.33	2.46001	1.814	0.64601

Average Annual Rebate Benefit Per Residential Customer *

1981-1982	$83
1982-1983	$101
1983-1984	$120

* Based on annual consumption of 200 GJ and applicable monthly unit rebate allowance.

Total Rebates by Year

	1981-82	1982-83	1983-84	Total
		$ Million		
Natural Gas Price Protection Plan	$94.9	$104.2	$106.1	$305.2
Remote Area Heating Allowance	1.7	3.9	2.6	8.2
Senior Citizens Home Heating Protection Program	—	8.0	8.0	16.0
Primary Agricultural Producers Rebate Program	—	0.8	2.0	2.8
	$96.6	$116.9	$118.7	$332.2

APPENDIX C

Rural Electrification Revolving Fund

Financial Reports & Summaries 1983-84 Cash Basis (Unaudited)

Fiscal Year ending March 31, 1984

Statement I

Comparative Loan Balances
Loans Receivable At Year End

Repayment Schedule	March 31, 1984	March 31, 1983
10-year	$ 6,027,517	$ 6,215,619
25-year	21,161,010	21,244,966
Part II loans	18,145,672	15,702,250
Total all loans	**$45,334,199**	**$43,162,835**

Statement II

Loans Issued

Loans Advanced	Fiscal 1983-84	Fiscal 1982-83
10-year	$1,126,837.73	$1,157,364.24
25-year	2,797,141.83	3,327,578.16
Part II	2,813,808.46	2,797,978.65
Total loans	**$6,737,788.02**	**$7,282,921.05**
Loans for new construction	$6,648,814.02	$7,225,399.65
Refinancing	88,974.00	57,521.40
Total loans	**$6,737,788.02**	**$7,282,921.05**
Principal refinanced	$ 87,832.26	$56,400.87
Interest refinanced	1,141.74	1,120.53
Total refinancing	**$ 88,974.00**	**$ 57,521.40**
New construction - individual lien notes	$ 3,835,005.56	$ 4,427,421.00
New construction - Part II loans	2,813,808.46	2,797,978.65
Total new construction financed	**$ 6,648,814.02**	**$ 7,225,399.65**

Statement III

Receipts

	Fiscal 1983-84	Fiscal 1982-83
Total payments received	$5,573,654.98	$5,063,929.63
Proceeds of financing	88,974.00	57,521.40
Total receipts and adjustments	5,662,628.98	5,121,451.03
Less overpayments, etc., disbursed	23,562.95	45,703.16
Net payments and adjustments	**$5,639,066.03**	**$5,075,747.87**
Allocation of payments and adjustments		
10-year loans principal	$1,328,984.91	$1,447,347.72
25-year loans principal	3,016,063.28	2,408,534.73
Part II loans principal	370,387.01	299,956.93
10-year loans interest	216,388.08	225,307.73
25-year loans interest	707,242.75	694,600.76
Total allocated	**$5,639,066.03**	**$5,075,747.87**
Total principal	$4,715,435.20	$4,155,839.38
Total interest	923,630.83	919,908.49
Total loan payments	**$5,639,066.03**	**$5,075,747.87**

Statement IV

Transactions Since Inception of the Rural Electrification Program in 1948

Total loans advanced from Revolving Fund		
10-year loans	$52,939,564.29	
25-year loans	51,089,596.99	
Part II loans	23,449,556.11	$127,478,717.39
Co-operative Marketing Associations and Rural Utilities Guarantee Act loans		
Advanced prior to 1956 (none outstanding)		6,784,464.85
Advanced in 1977-78 (two loans)		195,237.15
Total loan and guarantees		**$134,458,419.39**
Interest returned to Provincial Treasurer		
10-year loans		$ 7,705,853.26
25-year loans		9,852,721.31
Total interest returned to Provincial Treasurer		**$ 17,558,574.57**

Statement V

Accounts in the Hands of Other Government Agencies for Collection of Arrears as at March 31, 1984

	Less Than 1 Year Since Last Payment	1 to 5 Years Since Last Payment	Over 5 Years Since Last Payment	Total of All Last Payments
1) Number of Accounts	14	26	2	42
2) Principal balance	$21,993.36	$44,609.92	$987.16	$67,590.44
3) Accrued interest	747.50	4,357.37	179.14	5,284.01
4) Principal in arrears	3,635.36	12,507.81	580.06	16,723.23
Total arrears (3 and 4)	**$ 4,382.86**	**$16,865.18**	**$759.20**	**$22,007.24**

APPENDIX D

Utilities and Telecommunications
Statement of Expenditures
Fiscal Year 1983-84

	Program	Total Authorized	Expended	Unexpended
1.	Departmental Support Services	$ 2,058,781	$ 1,973,944	$ 84,837
2.	Gas Utility Development			
	Financial Assistance for Natural Gas Development (Grants for Natural Gas, Distribution Systems and Utilities Officer Support)	30,174,282	28,417,820	1,756,462
	Capital Construction	220,000	44,246	175,754
	Engineering, Technical, Financial and Business Support	2,726,887	2,359,693	367,194
	Gas Alberta	2,828,792	2,707,457	121,335
3.	Natural Gas Price Protection for Albertans	13,765,636	11,449,164	2,316,472
4.	Electric Development			
	Electric Development Services	1,079,153	923,116	156,037
	Financial Assistance for Electric Development	2,400,000	858,185	1,541,815
	Hydroelectric Development	6,450,000	2,305,754	4,144,246
5.	Communications Development	519,686	395,862	123,824
6.	Financial Assistance for Water and Sewer Projects	129,903,607	125,929,346	3,974,261
7.	Electric Energy Marketing Agency	78,670,902	57,397,784	21,273,118
	TOTAL DEPARTMENT	**$270,797,726**	**$234,762,371**	**$36,035,355**